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SEPTEMBER 1989

FOREST INDUSTRIES

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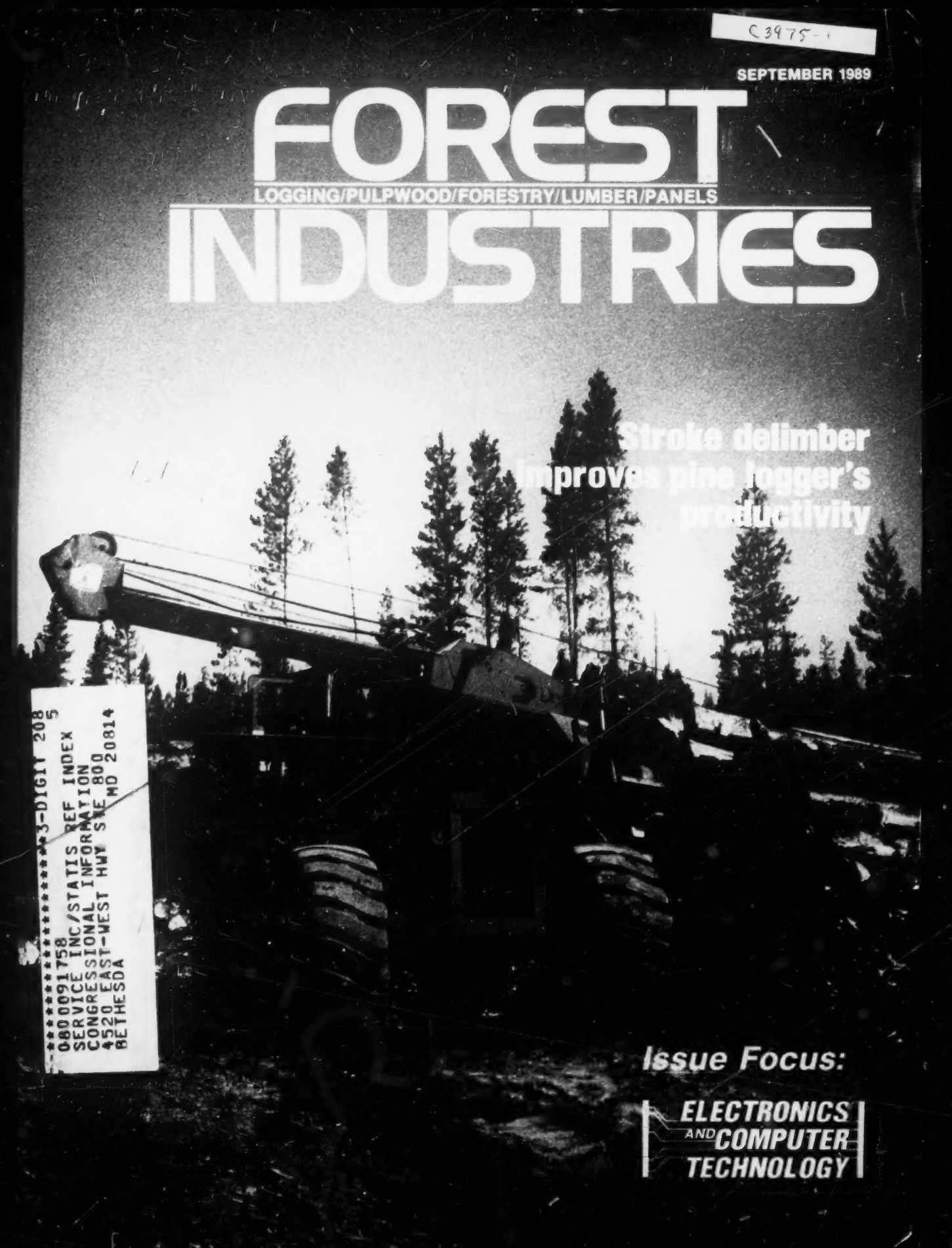

Stroke delimber improves pine logger's productivity

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NEW JOBS CREATED

Plywood plant slated for eastern Mississippi

STARKVILLE, MISS.—Plans to build a $38.5-million plywood plant moved forward in August with approval of a $3.5-million HUD Urban Development Action grant to the city. The Longview Plywood Co. mill will create 416 permanent jobs and 400 construction jobs, legislators said. Starkville is near the eastern edge of the state.

Vancouver mill to modernize

Employee-owned West Coast Plywood Co. Ltd. has received a C$4-million loan plus a C$2.5-million line of credit from the British Columbia government to help acquire and modernize the Weldwood of Canada Ltd. plywood plant in Vancouver, B.C.

West Coast has been running the mill since last year, when Weldwood said it would otherwise close the operation permanently. ■

CHIPS PART OF DEAL

Pope & Talbot sawmill passes into new hands

OAKRIDGE, ORE.—Pope & Talbot Inc. has sold its 41-year-old sawmill here to Bald Knob Land & Timber Co. for an undisclosed amount.

Bald Knob, which operates a veneer plant at the same site, assumed ownership of the sawmill July 27.

Included in the transaction was a long-term contract under which all wood chips produced by Bald Knob will be supplied to P&T's bleached kraft pulp mill at Halsey, Ore. ■

SHORTAGES A FACTOR

Price strength boosts corporate earnings

SAN FRANCISCO, CALIF.—Strong lumber and plywood prices, influenced in part by preservation-based timber shortages, contributed to good second-quarter financial performance by most U.S. forest products corporations.

For a change, it was the pulp and paper segment that pulled down profits of integrated producers. This was attributed by the newsletter *Pulp & Paper Week* to softening markets for printing and writing grades, serious price erosion in newsprint and flat performance in containerboard.

WTD Industries Inc., wholly in the solid-wood arena, reported record sales and earnings for the quarter and fiscal year ending April 30 (the seventh consecutive record year). Annual sales of $359.6 million were up 22.4%; earnings rose 5.1% to $8.83 million.

Pope & Talbot Inc. quarterly earnings jumped 63%. The company said the wood products sector had one of the best quarters in its history, with strong demand and prices for lumber and chips offsetting higher log costs.

Louisiana-Pacific Corp. set quarter and first-half sales and earnings records. The building products group turned an operating profit of $59.7 million in the quarter, against $50.1 million in second-quarter 1988. "Prices of many building products have increased dramatically in recent weeks, reflecting declining interest rates and production cutbacks by other producers primarily due to timber supply shortages," said chairman and president Harry A. Merlo.

Georgia-Pacific Corp. building products operating profits for the second quarter were above the same quarter in 1988, $141 million versus $120 million.

"The increased demand for building products this spring resulted in improved prices and, despite lower housing starts, our profits exceeded 1988 levels," observed chairman and CEO T. Marshall Hahn Jr.

An unexpected increase in building materials markets helped bring Willamette Industries' earnings to record levels for the quarter, observed president and CEO William Swindells.

Operating income from Boise Cascade Corp.'s building products segment reached its highest level in two years, rising to $238.5 million from $201.3 million in the two comparable quarters.

A modest decline in demand for wood products was offset by stronger prices. ■

U.S., Canadian forest industry results, second quarter 1989 ($ millions)

Company	Sales	% change 1989/88	Earnings[1]	% change 1989/88
Abitibi-Price Inc.	C830.0	-0.7	C28.8	-47.1
Boise Cascade Corp.	1,091.4	8.4	75.3	4.2
Canadian Pacific For. Prods.	C741.8	-1.6	C72.9	-1.9
Canfor Corp.	C222.2[2]	20.5	C25.7	-13.2
Champion International	1,290.0	2.4	113.9	1.5
Chesapeake Corp.	213.4	15.5	12.0	0.5
Crestbrook Forest Ind. Ltd.	C68.8	8.8	C9.1	18.4
Domtar Inc.	C692.0	7.1	C25.0	4.2
Federal Paper Board	308.8	24.4	51.4	78.2
Fletcher Challenge Canada	C366.0	-6.9	C35.5	-27.4
Georgia-Pacific Corp.	2,640.0	9.2	172.0	45.8
Great Northern Nekoosa	988.4	15.3	90.2	5.7
International Paper Co.	3,000.0	25.0	229.0	21.8
Louisiana-Pacific Corp.	526.1	10.9	48.4[3]	24.1
MacMillan Bloedel Ltd.	C862.0	1.2	C68.3	-27.7
Noranda Forest Inc.	C1,250.0[4]	2.5	C59.0	-16.9
Pope & Talbot Inc.	161.2	32.5	11.2	62.6
Potlatch Corp.	296.1	11.0	25.7	4.9
Stone Container Corp.	1,379.9	60.7	63.6	-18.6
Tembec Inc. (7/27)	C65.8	9.3	C10.6	20.8
Temple-Inland Inc.	476.6	6.3	52.9	-0.4
Union Camp Corp.	711.8	7.8	81.4	9.9
Weldwood of Canada Ltd.	C186.9	-21.3	C16.0	-21.0
Westvaco Corp. (4/30)	561.7	5.3	58.2	28.6
Weyerhaeuser Co.	2,644.0	8.0	154.9	2.8
Willamette Industries	491.5	15.8	47.1	11.2
WTD Industries Inc. (4/30)	94.0	17.8	4.7	100.4

1. Income after taxes, from continuing operations, excluding most significant non-recurring items in both years. 2. Year-ago figure restated to reflect $59.5 million gain on the sale of certain assets. 3. Year-ago figures restated to reflect spinoff of Fibreboard Corp. in June, 1988. 4. Year-ago figures restated to reflect an accounting change.

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